

**Minnesota Society of
Certified Public Accountants**

Consolidated Financial Statements

March 31, 2018 and 2017



**Minnesota Society of Certified Public Accountants
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Independent Auditor's Report

To the Board of Directors
Minnesota Society of Certified Public Accountants
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Minnesota Society of Certified Public Accountants (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Minnesota Society of Certified Public Accountants, as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements as identified in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 26, 2018

CONSOLIDATED FINANCIAL STATEMENTS

Minnesota Society of Certified Public Accountants
Consolidated Statements of Financial Position
As of March 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 2,924,285	\$ 2,703,036
Investments - operating reserve	1,859,412	1,843,712
Investments - intermediate reserve	1,021,450	992,757
Investments - long-term reserve	1,236,767	1,149,407
Accounts receivable, net	42,169	35,012
Prepaid expenses	246,039	266,878
Property and equipment, net	325,300	261,538
Total assets	\$ 7,655,422	\$ 7,252,340
Liabilities		
Accounts payable	\$ 106,292	\$ 82,093
Accrued compensation and related taxes	285,603	248,107
Accrued pension contribution	134,174	115,930
Deferred rent	144,999	166,333
Deferred revenues		
Membership dues	1,892,921	1,894,594
Future activities	242,861	251,020
Total liabilities	2,806,850	2,758,077
Net Assets		
Unrestricted		
Board designated - capital expenditures	333,999	357,500
Board designated - long-term reserve	1,236,767	1,149,407
Undesignated	3,277,806	2,987,356
Total net assets	4,848,572	4,494,263
Total liabilities and net assets	\$ 7,655,422	\$ 7,252,340

See notes to consolidated financial statements.

Minnesota Society of Certified Public Accountants
Consolidated Statements of Activities
Years Ended March 31, 2018 and 2017

	2018	2017
Revenue and Gains		
Education programs	\$ 4,137,349	\$ 3,862,850
Membership dues	2,318,676	2,286,356
Membership programs	113,170	125,259
Publication sales and advertising	140,737	156,750
Professional standards	183,795	176,305
Investment income, net	158,963	212,614
Other	76,965	59,342
Total revenue and gains	7,129,655	6,879,476
Expenses		
Program expenses		
Education programs	3,668,905	3,569,819
Membership services	1,042,515	1,006,953
Communications	512,344	531,862
Government relations	262,937	266,538
Professional standards	221,698	193,352
Supporting services		
Management and general	1,066,947	1,208,776
Total expenses	6,775,346	6,777,300
Change in net assets	354,309	102,176
Net Assets		
Beginning of year	4,494,263	4,392,087
End of year	\$ 4,848,572	\$ 4,494,263

Minnesota Society of Certified Public Accountants
Consolidated Statements of Functional Expenses
Years Ended March 31, 2018 and 2017

Year Ended March 31, 2018

	Program Services						Supporting Services		March 31, 2017 Total
	Education Programs	Membership Services	Communications	Government Relations	Professional Standards	Total	Management and General	Total	
Expenses									
Personnel	\$ 824,326	\$ 561,383	\$ 261,587	\$ 170,591	\$ 101,631	\$ 1,919,518	\$ 818,090	\$ 2,737,608	\$ 2,751,313
Continuing professional education	2,527,127	-	-	-	-	2,527,127	-	2,527,127	2,454,548
Events and programs	-	186,131	-	66,914	98,488	351,533	-	351,533	334,658
Publications and promotions	-	61,785	176,014	-	-	237,799	-	237,799	300,196
Scholarships and contributions	20,544	25,000	-	-	-	45,544	-	45,544	54,530
Rent	80,047	52,321	22,616	9,765	8,430	173,179	50,009	223,188	213,603
Office	82,935	54,724	44,255	12,851	8,514	203,279	47,767	251,046	262,956
General operating	99,297	86,138	1,356	-	2,208	188,999	136,682	325,681	301,214
Depreciation and amortization	34,629	15,033	6,516	2,816	2,427	61,421	14,399	75,820	104,282
Total expenses	\$ 3,668,905	\$ 1,042,515	\$ 512,344	\$ 262,937	\$ 221,698	\$ 5,708,399	\$ 1,066,947	\$ 6,775,346	\$ 6,777,300

Year Ended March 31, 2017

	Program Services						Supporting Services		March 31, 2017 Total
	Education Programs	Membership Services	Communications	Government Relations	Professional Standards	Total	Management and General	Total	
Expenses									
Personnel	\$ 791,223	\$ 503,301	\$ 236,206	\$ 168,658	\$ 100,696	\$ 1,800,084	\$ 951,229	\$ 2,751,313	\$ 2,751,313
Continuing professional education	2,454,548	-	-	-	-	2,454,548	-	2,454,548	2,454,548
Events and programs	-	193,089	-	70,891	70,678	334,658	-	334,658	334,658
Publications and promotions	-	74,954	225,242	-	-	300,196	-	300,196	300,196
Scholarships and contributions	19,530	35,000	-	-	-	54,530	-	54,530	54,530
Rent	75,201	45,200	20,832	9,721	8,466	159,420	54,183	213,603	213,603
Office	86,782	51,713	40,976	13,868	8,758	202,097	60,859	262,956	262,956
General operating	86,975	87,725	1,290	-	1,772	177,762	123,452	301,214	301,214
Depreciation and amortization	55,560	15,971	7,316	3,400	2,982	85,229	19,053	104,282	104,282
Total expenses	\$ 3,569,819	\$ 1,006,953	\$ 531,862	\$ 266,538	\$ 193,352	\$ 5,568,524	\$ 1,208,776	\$ 6,777,300	\$ 6,777,300

Minnesota Society of Certified Public Accountants
Consolidated Statements of Cash Flows
Years Ended March 31, 2018 and 2017

	2018	2017
Cash Flows - Operating Activities		
Change in net assets	\$ 354,309	\$ 102,176
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation and amortization	75,820	104,282
Net unrealized gain on investments	(22,168)	(129,643)
Change in operating assets and liabilities		
Accounts receivable	(7,157)	14,018
Prepaid expenses	20,839	(14,936)
Accounts payable	24,199	13,272
Accrued expenses	55,740	35,641
Deferred rent	(21,334)	(15,600)
Deferred revenues	(9,832)	836
Total adjustments	116,107	7,870
Net cash flows - operating activities	470,416	110,046
 Cash Flows - Investing Activities		
Purchases of investments	(3,694,016)	(3,244,389)
Sale or maturity of investments	3,584,431	3,181,670
Purchases of property and equipment	(139,582)	(74,596)
Net cash flows - investing activities	(249,167)	(137,315)
 Net change in cash and cash equivalents	221,249	(27,269)
 Cash and Cash Equivalents		
Beginning of year	2,703,036	2,730,305
End of year	\$ 2,924,285	\$ 2,703,036
 Supplementary Disclosure of Cash Flow Information		
Cash paid for income taxes	\$ 1,738	\$ 3,203

See notes to consolidated financial statements.

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Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Minnesota Society of Certified Public Accountants (the Society) was incorporated in 1904 under the laws of the State of Minnesota. The mission of the Society is to help members succeed professionally while being mindful of serving the public interest.

The Society's operations include educational programs, membership services, communications, government relations, and professional standards.

The Society provides educational programs for the benefit of both certified public accountants (CPAs) and the general public. These programs meet continuing professional education (CPE) requirements established by the State of Minnesota in order to hold an active CPA certificate.

Educational programs include live seminars, conferences, and webinars, sales of self-study products, and custom education programs.

Membership services reach, assist, and involve all segments of the membership, from new CPAs to those in public accounting, industry, government, and education. Membership services provide professional resources, products, and services to the Society members.

Communications programs use a variety of vehicles to advocate for the profession and provide information about the profession to the Society membership and the general public. The Society's primary publications are the Footnote, which is published nine times per year, and numerous E-newsletters.

Government relations activities foster working relationships with regulatory bodies, legislators, and the public, providing advocacy for the certified public accounting profession in Minnesota and for state tax policy issues.

Professional standards activities provide administration of peer reviews for CPA firms and professional ethics oversight of members to maintain the highest possible self-regulating quality standards.

Basis of Consolidation

The consolidated financial statements include the combined operations of the Society and all related entities in which the Society has an economic interest and control. Those related entities include five regional chapters of the Society (two of which are dormant as of March 31, 2018 and 2017).

Interrelated receivables, payables, revenues, and expenses have been eliminated.

MNCPA Foundation was incorporated in March 2018 as a not-for-profit corporation with the Society as its sole member. The Foundation intends to seek status as a tax-exempt charitable organization. The Foundation had no activity for the year ended March 2018.

A separate organization, the Minnesota Society of Certified Public Accountants Public Affairs Committee (PAC) is not included in these consolidated financial statements because the Society does not have control with respect to the PAC.

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unclassified Statement of Financial Position

A common practice in the industry is the presentation of financial position using an unclassified statement of financial position. The Society has opted to present unclassified statement of financial position in accordance with industry practice.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets

The Society does not accept charitable contributions. Accordingly, net assets of the Society are reported as unrestricted. Unrestricted net assets represent resources over which the Board of Directors (the Board) has discretionary control. Designated amounts represent net assets which the Board has set aside for a particular purpose.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less, excluding investments held as part of reserves. Cash and cash equivalents are stated at cost, which approximates fair value.

Investments

Investments are recorded at fair value in the consolidated statements of financial position using quoted market prices. Net realized and unrealized gains and losses, as well as investment revenue from dividends and interest, are reflected in the consolidated statements of activities as changes in unrestricted net assets. Realized gains and losses are determined using the specific identification method.

Receivables and Allowance for Doubtful Accounts

Accounts receivable are unsecured and are substantially all from Society members.

The Society's policy is to present accounts receivable in the consolidated statements of financial position net of estimated uncollectible amounts. The estimated uncollectible amount was \$6,000 at March 31, 2018 and 2017, based on management's judgment about the likelihood of collection of the individual receivables. Receivables are considered past due after 60 days and are written off after all collection efforts have been exhausted.

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost and are depreciated or amortized using the straight-line method based on estimated useful lives as follows:

Leasehold improvements	Lesser of estimated useful life or remaining term of related lease
Office furniture and equipment	Three to ten years
Website redesign	Five years

The Society follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,000. Repairs and maintenance are charged to expense as incurred. Renewals and improvements which extend the useful life of assets are capitalized and depreciated over future periods.

Revenue Recognition

Continuing professional education course fees and meeting and conference admission charges are recognized as revenue in the period in which the event occurs. Membership dues are recognized as revenue ratably over the annual membership period. Advertising revenue is recognized when the ad is published.

Contributed Services

Contributions of services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized. The Society receives a substantial amount of services donated by volunteers. The value of this donated time has not been reflected in the consolidated financial statements since it does not meet the standards for recording.

Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets;

Level 2 – Inputs other than quoted prices in active markets that are observable either directly or indirectly; and,

Level 3 – Unobservable inputs where there is little or no market data which require the reporting entity to develop its own assumption.

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The Society uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Society holds certain assets that are required to be measured at fair value on a recurring basis as displayed in Note 3.

Advertising Costs

The Society's policy is to expense advertising costs as they are incurred, except for event related advertising, which is expensed when the event takes place. Advertising capitalized at March 31, 2018 and 2017, was \$24,497 and \$31,615, respectively. During 2018 and 2017, the Society incurred advertising costs totaling \$267,334 and \$315,077, respectively. These expenses were incurred for marketing of continuing professional education programs, and for promotion of the CPA profession.

Tax Status

The Society is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Society also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

The Society generates unrelated business income from its monthly publication and other advertising and from subrental of training space within its facility. Income tax expense was \$3,845 and \$2,320 for 2018 and 2017, respectively.

The Society reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Society recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Society has identified no significant income tax uncertainties.

Subsequent Events

The Society has evaluated subsequent events through June 26, 2018, the date on which the consolidated financial statements were available to be issued.

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 2 – INVESTMENTS

Investments are classified in the consolidated statements of financial position:

	<u>2018</u>	<u>2017</u>
Operating reserve		
Cash and cash equivalents, at cost	\$ 17,412	\$ 258,712
Certificates of deposit, at cost	<u>1,842,000</u>	<u>1,585,000</u>
Total operating reserve	<u>\$1,859,412</u>	<u>\$1,843,712</u>
Intermediate reserve		
Cash and cash equivalents, at cost	\$ 23,438	\$ 21,053
Equity mutual funds	570,220	538,169
Bonds	<u>427,792</u>	<u>433,535</u>
Total intermediate reserves	<u>\$1,021,450</u>	<u>\$ 992,757</u>
Long-term reserve		
Cash and cash equivalents, at cost	\$ 8,424	\$ 10,282
Equity mutual funds	493,221	554,240
Equity exchange traded fund	394,553	249,208
Fixed income mutual funds	285,475	278,796
Balanced mutual funds	<u>55,094</u>	<u>56,881</u>
Total long-term reserve	<u>\$1,236,767</u>	<u>\$1,149,407</u>
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents in investments at cost	\$ 49,274	\$ 290,047
Certificates of deposit, at cost	1,842,000	1,585,000
Investments at fair value	<u>2,226,355</u>	<u>2,110,829</u>
Total investments	<u>\$4,117,629</u>	<u>\$3,985,876</u>

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 2 – INVESTMENTS (CONTINUED)

Investment income is summarized in the consolidated statements of activities:

	2018	2017
Interest and dividend income	\$ 136,795	\$ 82,971
Net unrealized gain	22,168	129,643
Investment income, net	\$ 158,963	\$ 212,614

NOTE 3 – FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the valuation techniques during 2018 and 2017.

Mutual funds and exchange traded funds – The fair value of mutual funds and exchange traded funds is based on quoted market prices.

Bonds – The fair value of bonds were obtained from independent quotation services whose appraisals are based on closing prices, bid-ask quotations, or other factors.

Fair values of assets measured on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
March 31, 2018				
Mutual funds and exchange traded funds	\$ 1,798,563	\$ -	\$ -	\$ 1,798,563
Bonds	427,792	-	-	427,792
Total	\$ 2,226,355	\$ -	\$ -	\$ 2,226,355

	Level 1	Level 2	Level 3	Total
March 31, 2017				
Mutual funds and exchange traded funds	\$ 1,677,294	\$ -	\$ -	\$ 1,677,294
Bonds	433,535	-	-	433,535
Total	\$ 2,110,829	\$ -	\$ -	\$ 2,110,829

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 4 – PROPERTY AND EQUIPMENT

	2018	2017
Office equipment	\$ 419,095	\$ 395,693
Furniture and fixtures	241,375	249,209
Leasehold improvements	396,642	396,642
Website redesign	173,414	173,414
Software development in progress	56,706	-
	1,287,232	1,214,958
Less accumulated depreciation	(961,932)	(953,420)
Property and equipment, net	\$ 325,300	\$ 261,538

Depreciation and amortization expense for 2018 and 2017, totaled \$75,820 and \$104,282, respectively.

NOTE 5 – BOARD DESIGNATED AND RESTRICTED NET ASSETS

Capital Expenditures

The Society's Board has designated \$333,999 and \$357,500 at March 31, 2018 and 2017, respectively, of investments held in its operating reserves for future major capital expenditures.

Long-Term Reserves

The Society's Board has designated certain portions of its investment portfolios as displayed in Note 2 for long-term strategic initiatives of the Society.

NOTE 6 – RETIREMENT PLAN

The Society has a defined contribution retirement plan covering all employees who meet certain minimum eligibility requirements.

Eligible employees are allowed to make deferral contributions. In addition, the plan allows for discretionary employer contributions, both matching and profit-sharing. For 2018 and 2017, the Society made total contributions of \$191,268 and \$171,825, respectively. For 2018, the contribution consisted of matching contributions of \$57,228, calculated as 50% of employee contributions up to 6% of eligible compensation, and profit-sharing contributions of \$134,040, based on 7% of eligible compensation, net of forfeitures applied of \$1. For 2017, the contribution consisted of matching contributions of \$57,187 calculated as 50% of employee contributions up to 6% of eligible compensation, and profit-sharing contributions of \$126,155, based on 7% of eligible compensation, net of forfeitures applied of \$11,517.

Minnesota Society of Certified Public Accountants
Notes to Consolidated Financial Statements

NOTE 7 – LEASE COMMITMENT

The Society leases its office and classroom space in Bloomington, Minnesota. The lease expires in March 2022 and requires minimum monthly payments of \$16,645, with base rent increases occurring every year. In addition to base rent, the Society is required to pay its pro-rata share of operating expenses of the building. The lease grants one five-year option to extend the lease term.

Minimum monthly payments under the lease commitments are scheduled as follows:

2019	\$ 199,743
2020	205,751
2021	211,895
2022	<u>218,311</u>
Total	<u>\$ 835,700</u>

Rent expense for 2018 and 2017 totaled \$354,791 and \$340,759, respectively, including rent allocated directly to education programs in the amount of \$131,603 and \$127,156.

NOTE 8 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, short-term investments, marketable securities, and other investments. Substantially all the Society's operating reserves are placed in certificates of deposits that do not exceed federally insured limits. The Society's cash and cash equivalents used in operations is placed with a high-quality financial institution where balances periodically exceed federal insured limits. Other cash and cash equivalents are placed with various financial institutions in amounts that do not exceed federally insured limits.

SUPPLEMENTARY INFORMATION

Minnesota Society of Certified Public Accountants
Consolidating Statement of Financial Position
As of March 31, 2018

	<u>General Fund</u>	<u>Chapters</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,873,794	\$ 50,491	\$ 2,924,285
Investments - operating reserve	1,859,412	-	1,859,412
Investments - intermediate reserve	1,021,450	-	1,021,450
Investments - long-term reserve	1,236,767	-	1,236,767
Accounts receivable, net	42,169	-	42,169
Prepaid expenses	246,039	-	246,039
Property and equipment, net	325,300	-	325,300
Total assets	<u>\$ 7,604,931</u>	<u>\$ 50,491</u>	<u>\$ 7,655,422</u>
Liabilities			
Accounts payable	\$ 104,292	\$ 2,000	\$ 106,292
Accrued compensation and related taxes	285,603	-	285,603
Accrued pension contribution	134,174	-	134,174
Deferred rent	144,999	-	144,999
Deferred revenue			
Membership dues	1,892,921	-	1,892,921
Future activities	242,861	-	242,861
Total liabilities	<u>2,804,850</u>	<u>2,000</u>	<u>2,806,850</u>
Net Assets			
Unrestricted			
Board designated - capital expenditures	333,999	-	333,999
Board designated - long-term reserve	1,236,767	-	1,236,767
Undesignated	3,229,315	48,491	3,277,806
Total net assets	<u>4,800,081</u>	<u>48,491</u>	<u>4,848,572</u>
Total liabilities and net assets	<u>\$ 7,604,931</u>	<u>\$ 50,491</u>	<u>\$ 7,655,422</u>

Minnesota Society of Certified Public Accountants
Consolidating Statement of Financial Position
As of March 31, 2017

	<u>General Fund</u>	<u>Chapters</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,645,455	\$ 57,581	\$ 2,703,036
Investments - operating reserve	1,843,712	-	1,843,712
Investments - intermediate reserve	992,757	-	992,757
Investments - long-term reserve	1,149,407	-	1,149,407
Accounts receivable, net	35,012	-	35,012
Prepaid expenses	266,878	-	266,878
Property and equipment, net	<u>261,538</u>	<u>-</u>	<u>261,538</u>
Total assets	<u><u>\$ 7,194,759</u></u>	<u><u>\$ 57,581</u></u>	<u><u>\$ 7,252,340</u></u>
Liabilities			
Accounts payable	\$ 76,093	\$ 6,000	\$ 82,093
Accrued compensation and related taxes	248,107	-	248,107
Accrued pension contribution	115,930	-	115,930
Deferred rent	166,333	-	166,333
Deferred revenue			
Membership dues	1,894,594	-	1,894,594
Future activities	<u>251,020</u>	<u>-</u>	<u>251,020</u>
Total liabilities	<u><u>2,752,077</u></u>	<u><u>6,000</u></u>	<u><u>2,758,077</u></u>
Net Assets			
Unrestricted			
Board designated - capital expenditures	357,500	-	357,500
Board designated - long-term reserve	1,149,407	-	1,149,407
Undesignated	<u>2,935,775</u>	<u>51,581</u>	<u>2,987,356</u>
Total net assets	<u><u>4,442,682</u></u>	<u><u>51,581</u></u>	<u><u>4,494,263</u></u>
Total liabilities and net assets	<u><u>\$ 7,194,759</u></u>	<u><u>\$ 57,581</u></u>	<u><u>\$ 7,252,340</u></u>

Minnesota Society of Certified Public Accountants
Consolidating Statement of Activities
Year Ended March 31, 2018

	<u>General Fund</u>	<u>Chapters</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and Gains				
Education programs	\$ 4,137,349	\$ -	\$ -	\$ 4,137,349
Membership dues	2,318,676	20,340	(20,340)	2,318,676
Membership programs	113,170	-	-	113,170
Publication sales and advertising	140,737	-	-	140,737
Professional standards	183,795	-	-	183,795
Investment income, net	158,951	12	-	158,963
Other	76,965	-	-	76,965
Total revenue and gains	<u>7,129,643</u>	<u>20,352</u>	<u>(20,340)</u>	<u>7,129,655</u>
Expenses				
Program expenses				
Education programs	3,648,361	20,544	-	3,668,905
Membership services	1,060,664	2,191	(20,340)	1,042,515
Communications	512,344	-	-	512,344
Government relations	262,937	-	-	262,937
Professional standards	221,698	-	-	221,698
Supporting services				
Management and general	1,066,240	707	-	1,066,947
Total expenses	<u>6,772,244</u>	<u>23,442</u>	<u>(20,340)</u>	<u>6,775,346</u>
Change in net assets	357,399	(3,090)	-	354,309
Net Assets				
Beginning of year	<u>4,442,682</u>	<u>51,581</u>	<u>-</u>	<u>4,494,263</u>
End of year	<u>\$ 4,800,081</u>	<u>\$ 48,491</u>	<u>\$ -</u>	<u>\$ 4,848,572</u>

Minnesota Society of Certified Public Accountants
Consolidating Statement of Activities
Year Ended March 31, 2017

	<u>General Fund</u>	<u>Chapters</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and Gains				
Education programs	\$ 3,862,850	\$ -	\$ -	\$ 3,862,850
Membership dues	2,286,356	20,610	(20,610)	2,286,356
Membership programs	125,259	-	-	125,259
Publication sales and advertising	156,750	-	-	156,750
Professional standards	176,305	-	-	176,305
Investment income, net	212,601	13	-	212,614
Other	59,342	-	-	59,342
Total revenue and gains	<u>6,879,463</u>	<u>20,623</u>	<u>(20,610)</u>	<u>6,879,476</u>
Expenses				
Program expenses				
Education programs	3,550,289	19,530	-	3,569,819
Membership services	1,025,509	2,054	(20,610)	1,006,953
Communications	531,862	-	-	531,862
Government relations	266,538	-	-	266,538
Professional standards	193,352	-	-	193,352
Supporting services				
Management and general	1,207,992	784	-	1,208,776
Total expenses	<u>6,775,542</u>	<u>22,368</u>	<u>(20,610)</u>	<u>6,777,300</u>
Change in net assets	103,921	(1,745)	-	102,176
Net Assets				
Beginning of year	<u>4,338,761</u>	<u>53,326</u>	<u>-</u>	<u>4,392,087</u>
End of year	<u>\$ 4,442,682</u>	<u>\$ 51,581</u>	<u>\$ -</u>	<u>\$ 4,494,263</u>

Minnesota Society of Certified Public Accountants
Consolidating Statement of Cash Flows
Year Ended March 31, 2018

	<u>General Fund</u>	<u>Chapters</u>	<u>Total</u>
Cash Flows - Operating Activities			
Change in net assets	\$ 357,399	\$ (3,090)	\$ 354,309
Adjustments to reconcile change in net assets to net cash flows - operating activities			
Depreciation	75,820	-	75,820
Net unrealized gain on investments	(22,168)	-	(22,168)
Change in operating assets and liabilities			
Accounts receivable	(7,157)	-	(7,157)
Prepaid expenses	20,839	-	20,839
Accounts payable	28,199	(4,000)	24,199
Accrued expenses	55,740	-	55,740
Deferred rent	(21,334)	-	(21,334)
Deferred revenues	(9,832)	-	(9,832)
Total adjustments	<u>120,107</u>	<u>(4,000)</u>	<u>116,107</u>
Net cash flows - operating activities	<u>477,506</u>	<u>(7,090)</u>	<u>470,416</u>
Cash Flows - Investing Activities			
Purchases of investments	(3,694,016)	-	(3,694,016)
Sale or maturity of investments	3,584,431	-	3,584,431
Purchases of property and equipment	(139,582)	-	(139,582)
Net cash flows - investing activities	<u>(249,167)</u>	<u>-</u>	<u>(249,167)</u>
Net change in cash and cash equivalents	228,339	(7,090)	221,249
Cash and Cash Equivalents			
Beginning of year	<u>2,645,455</u>	<u>57,581</u>	<u>2,703,036</u>
End of year	<u>\$ 2,873,794</u>	<u>\$ 50,491</u>	<u>\$ 2,924,285</u>

Minnesota Society of Certified Public Accountants
Consolidating Statement of Cash Flows
Year Ended March 31, 2017

	<u>General Fund</u>	<u>Chapters</u>	<u>Total</u>
Cash Flows - Operating Activities			
Change in net assets	\$ 103,921	\$ (1,745)	\$ 102,176
Adjustments to reconcile change in net assets to net cash flows - operating activities			
Depreciation	104,282	-	104,282
Net unrealized gain on investments	(129,643)	-	(129,643)
Change in operating assets and liabilities			
Accounts receivable	14,018	-	14,018
Prepaid expenses	(14,936)	-	(14,936)
Accounts payable	13,272	-	13,272
Accrued expenses	31,641	4,000	35,641
Deferred rent	(15,600)	-	(15,600)
Deferred revenues	836	-	836
Total adjustments	<u>3,870</u>	<u>4,000</u>	<u>7,870</u>
Net cash flows - operating activities	<u>107,791</u>	<u>2,255</u>	<u>110,046</u>
Cash Flows - Investing Activities			
Purchases of investments	(3,244,389)	-	(3,244,389)
Sale or maturity of investments	3,181,670	-	3,181,670
Purchases of property and equipment	(74,596)	-	(74,596)
Net cash flows - investing activities	<u>(137,315)</u>	<u>-</u>	<u>(137,315)</u>
Net change in cash and cash equivalents	(29,524)	2,255	(27,269)
Cash and Cash Equivalents			
Beginning of year	<u>2,674,979</u>	<u>55,326</u>	<u>2,730,305</u>
End of year	<u>\$ 2,645,455</u>	<u>\$ 57,581</u>	<u>\$ 2,703,036</u>